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Report Highlights:

Stringent quality norms deter wheat imports, *India allows exports of wheat and non-basmati rice to Bangladesh*, *India imposes licensing restrictions on exports of raw cotton and waste*, *Sugar futures ban to be reviewed: Pawar*, *Bt cotton seed price limit detrimental to research, says NSAI*, *Pepsi India touches eco watershed, gives back more than it takes*.

General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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STRINGENT QUALITY NORMS DETER WHEAT IMPORTS

Fear of a fall in wheat procurement by the government and a decline in wheat arrivals across markets in South India has prompted traders and roller flour mills to look to imports as an option to meet their requirements. However, they are unable to find any exporters willing to sell them wheat not only due to non availability of containers but also due to strict phyto-sanitary norms for importing wheat into India. "Exporters in Australia and other parts of the world are ready to export wheat to Indonesia, Vietnam, Indonesia and Bangladesh, but not India," as they are finding it difficult to meet the phyto-sanitary and plant quarantine standards for wheat imports into India. "Grain exporters have to physically clean wheat before exporting to India and they are charging a risk premium to sell to Indian buyers."

(Source: Business Line 05/27/10)

INDIA ALLOWS EXPORTS OF WHEAT AND NON-BASMATI RICE TO BANGLADESH

On May 12th, the GOI allowed exports of 400,000 metric tons of wheat to Bangladesh through the Food Corporation of India (FCI). The above mentioned quantity shall be exported by FCI out of Central Pool stocks and exported at economic cost. On May 18, 2010, GOI allowed exports of 100,000 metric tons of non-basmati rice (parboiled) to Bangladesh through select Public sector undertakings - State Trading Corporation (50,000 MT), MMTC (25,000 MT) and PEC (25,000 MT). (Source: Directorate General of Foreign Trade website - <https://dgftcom.nic.in/exim/2000/not/not09/not4009.htm> and <https://dgftcom.nic.in/exim/2000/not/not08/not4209.htm>)

INDIA IMPOSES LICENSING RESTRICTIONS ON EXPORTS OF RAW COTTON AND WASTE

On May 21, 2010, the Directorate General of Foreign Trade (DGFT) issued a notification wherein exports of raw cotton and waste (HS Codes 5201, 5202 and 5203) were moved to the restricted list. Thus, exports of cotton will be allowed only against a license issued by the DGFT. Earlier, there were no licensing restrictions on exports of cotton. However, the notification has not specified the criteria used by the DGFT for issuing the license and there is no clarity about how the government will decide to issue the export licenses – whether it will be annual/monthly/weekly quotas, allocation criterion (first come first serve basis or maximum export price, etc). (Source: Directorate General of Foreign Trade Notifications)

<http://dgft.delhi.nic.in/>).

SUGAR FUTURES BAN TO BE REVIEWED: PAWAR

With sugar prices falling by close to 30 percent in the last one month on the expectation of higher production this year and adequate stocks, the government said it would consider lifting a year-long ban on futures trading in sugar after assessing production trends and the movement of monsoons in the next 3-4 weeks. The government imposed a six-month ban on sugar futures in May 2009 to check rising prices, which was subsequently extended till September 2010. Pawar also said the government may consider imposing an import duty on raw and white sugar: “We need to protect the farmers' interest at any cost,” he noted. The government has allowed duty-free sugar imports since February 2009 to augment domestic availability and spiraling prices of agricultural commodities.

(Source: Financial Express, 05/12/10)

BT COTTON SEED PRICE LIMIT DETRIMENTAL TO RESEARCH, SAYS NSAI

The National Seed Association of India (NSAI) has expressed concerns that pricing restrictions on Bt cotton seed mandated by the state governments of Andhra Pradesh, Gujarat and Maharashtra will hamper investment in research and development and eventually impact access to new technology and seed supply to farmers. The NSAI has asked the Ministry of Agriculture to ensure that seed prices are not fixed arbitrarily by state governments. Recently, the Andhra government fixed the price of Bollgard I cotton seed at rs. 650 per packet (450 gm GM seed and 150 gm non-GM seeds) and Bollgard II seed at Rs. 750 per packet. A senior executive of NSAI said that given the inflationary pressures and consequent increase in cost of production, the prices should be revised upward by at least 30-35 percent over the current levels. (Source: Financial Express 5/22/2010)

PEPSI INDIA TOUCHES ECO WATERSHED, GIVES BACK MORE THAN IT TAKES

The Indian arm of PepsiCo has become the first of its global units to put more water back into the environment than it consumes. The beverage giant has achieved a ‘positive water balance’ by recharging 6 billion liters and using 5.17 billion liters during 2009, with a net saving of 836 million liters. PepsiCo, which has 45 beverage, bottling and snack plants in India said the figures were verified by audit firm Deloitte Touche Tohmatsu India. PepsiCo said it has achieved a positive water balance through agricultural conservation programs such as substituting rice paddy transplanting with direct seeding technology, community programs like the construction of check-dams and recharge ponds, and rain or roof water harvesting. (Source: Economic Times May 27, 2010)

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